

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT
OF

STATE BUREAU OF MOTOR VEHICLES COMMISSION
LICENSE BRANCH NUMBER 204
INDIANA DEPARTMENT OF REVENUE

January 1, 2003 to December 31, 2004



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Chairman, Bureau of Motor Vehicles Commission	Gerald Coleman Mary DePrez Joel Silverman	01-06-02 to 02-29-04 03-01-04 to 01-09-05 01-10-05 to 01-11-09
Branch Manager	James Poe	01-01-04 to Unknown
Deputy Administrator	Linda Risley	01-01-03 to 12-31-04



STATE OF INDIANA

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STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE STATE BUREAU OF MOTOR VEHICLES COMMISSION

We have examined the Schedule of Collections and Distributions of the State Bureau of Motor Vehicles Commission License Branch Number 204 (Branch) for the period of January 1, 2003 to December 31, 2004. The Branch's management is responsible for the schedule. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the Schedule of Collections and Distributions and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedule referred to above presents fairly, in all material respects, the cash transactions of the Branch for the years ended December 31, 2003 and 2004, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

January 30, 2006

STATE BUREAU OF MOTOR VEHICLES COMMISSION
 LICENSE BRANCH NUMBER 204
 INDIANA DEPARTMENT OF REVENUE
 SCHEDULE OF COLLECTIONS AND DISTRIBUTIONS
 January 1, 2003 to December 31, 2004

	<u>2003</u>	<u>2004</u>
Collections:		
Registrations	\$ 4,911	\$ 9,126
Titles	<u>600,817</u>	<u>976,972</u>
Total	<u>\$ 605,728</u>	<u>\$ 986,098</u>
Distributions:		
State fees	\$ 511,780	\$ 839,660
County tax	169	706
Commission fees	<u>93,779</u>	<u>145,732</u>
Total	<u>\$ 605,728</u>	<u>\$ 986,098</u>

The accompanying notes are an integral part of the schedule.

STATE BUREAU OF MOTOR VEHICLES COMMISSION
LICENSE BRANCH NUMBER 204
INDIANA DEPARTMENT OF REVENUE
NOTES TO SCHEDULE OF COLLECTIONS AND DISTRIBUTIONS

Note 1. Introduction

The Motor Vehicles Commission was created to manage the motor vehicle license branches. The Bureau of Motor Vehicles is a separate state agency which provides support services to the Commission controlled license branches. The license branches collect fees which fund the Motor Vehicles Commission. The license branches collect and forward county taxes (excise tax, wheel tax, and surtax) and state fees. The Commission has one contractual branch that is administered by an individual contractor according to Bureau policies. The Commission has developed a mobile license branch to serve the need of CDL license issuance and other special needs as they arise.

Note 2. Collections and Distributions

Each branch collects fees and taxes when vehicle and watercraft registrations, titles, and drivers licenses are sold. Fees are uniform throughout the state.

The total daily collections are deposited to a single bank account. From this account the collections are distributed to separate bank accounts which are not controlled by the license branch and belong to the state, county and Bureau of Motor Vehicles Commission.

Note 3. Banking System

The Bureau of Motor Vehicles Commission has entered into an agreement with Bank One for a cash concentration system. The system utilizes a series of individual noninterest bearing accounts (clearing accounts) from which all fees and taxes are transferred.

STATE BUREAU OF MOTOR VEHICLES COMMISSION
 LICENSE BRANCH NUMBER 204
 INDIANA DEPARTMENT OF REVENUE
 STATISTICAL INFORMATION
 January 1, 2003 to December 31, 2004

<u>Transactions Processed</u>	<u>2003</u>	<u>2004</u>
Vehicle registrations:		
Truck	-	11
Tractor	3	3
Semitrailer	<u>11</u>	<u>17</u>
Total vehicle registrations	<u><u>14</u></u>	<u><u>31</u></u>
Titles:		
Vehicles	<u><u>15,475</u></u>	<u><u>26,744</u></u>

STATE BUREAU OF MOTOR VEHICLES COMMISSION
LICENSE BRANCH NUMBER 204
INDIANA DEPARTMENT OF REVENUE
EXAMINATION RESULTS AND COMMENTS

JOURNAL RECONCILEMENT

Reconciliations of the branch journal to the bank balance were not presented for examination because branch employees do not perform bank reconcilements. They stated that they compare the transfers and deposits per the journal to the bank statements, but no formal reconciliation is prepared.

All accounts are required to be reconciled on a monthly basis. (Branch Operations Policies and Procedures Manual, Journal/Balancing Chapter)

ACCOUNTABLE ITEMS

The following schedule details missing items revealed during a comparison of actual inventory of accountable items to the Open Inventory Report of the State Bureau of Motor Vehicles at December 31, 2004. No evidence was found to indicate these items have been sold.

<u>Year</u>	<u>Plate Type</u>	<u>Plate Number</u>
2005	Tractor 78,000+	4071T

A listing of the items that are to be accounted for to the State Board of Accounts is included in the Branch Operations Policies and Procedures Manual. (Branch Operations Policies and Procedures Manual, Supplies and Equipment Chapter)

REPLACEMENT PLATE APPLICATIONS

We noted that the branch does not use BMV Form 6 "Application for Duplicate or Replacement License Plate" in the manner for which it was originally prescribed or approved. Specifically we noted that the form was not properly completed by law enforcement.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed or approved. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Page 15:3)

STATE BUREAU OF MOTOR VEHICLES COMMISSION
LICENSE BRANCH NUMBER 204
INDIANA DEPARTMENT OF REVENUE
EXIT CONFERENCE

The contents of this report were discussed on April 17, 2006, with Linda Risley, Deputy Administrator; Corina Harmless, Program Director; and Brian Lehane, Program Director. The official response has been made a part of this report and may be found on pages 9 and 10.



Department of Revenue
Motor Carrier Services Division
5252 Decatur Blvd., STE. R

April 25, 2006

Kathleen Morton
State Board of Accounts
302 W. Washington Street, Room E 418
Indianapolis, IN 46204-2738

RE: Official Response

Dear Ms. Morton:

This is our official response to the exit interview conducted April 17, 2006 for the license branch 204 audit.

Journal Reconciliation

Issue: Reconciliation of the branch journal to the bank balance.

We were not completing bank reconciliations for the BMV Account into which we deposit money. We began that process as soon as we found out it was not being done. The audit was held in January 2005. We processed a reconciliation for December 2004 and every month since.

Accountable Items

Issue: Proper signatures on the Form 6 for replacement intrastate plates.

We began using the Schedule L in 2003, which replaced the need for the Form 6 (copy attached). The Form 6 was and can still be accepted. If we receive a Form 6 in the future, we will ensure that the form is properly completed, including the signature of an enforcement officer before issuing a replacement intrastate license plate.

Replacement Plate Applications

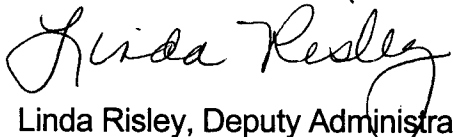
Issue: Location of base plate 4071T.

April 25, 2006

The physical plate has not been located. We are certain that it was sent to be destroyed by Penn Products. Effective immediately, all plates that are sent to be destroyed will be logged, including the plate number and the date they are sent to be destroyed.

Thank you very much for this opportunity to respond.

Sincerely,

A handwritten signature in cursive script, appearing to read "Linda Risley".

Linda Risley, Deputy Administrator
Motor Carrier Services Division
5252 Decatur Blvd., Suite R
Indianapolis, IN 46241
(317) 615-7205
lrисley@dor.in.gov